



5 April 2023

Chair Meek, Vice-chair Boquist, and members of the committee,

Thank you for hearing SB 1084 and considering tax policies to incentivize critical investments in Oregon and our economy. Intel is Oregon's largest employer, with over 22,000 employees with an economic footprint of over \$19 billion in state GDP. Over the last 40+ years, Intel has invested over \$50 billion in capital and continues to look at opportunities for future expansion. In today's global semiconductor market, state and federal incentives are increasingly important.

As Intel evaluates state tax credits, here are essential considerations.

First and foremost, an R&D tax credit would incentivize companies to invest in research and development activities that can create new products, processes, and technologies in the semiconductor industry and beyond. These credits can help spur innovation and enhance the competitiveness of Oregon businesses in a global marketplace, especially in light of the CHIPS Act opportunities for semiconductor companies.

Moreover, an R&D tax credit can attract new businesses to Oregon, as companies that engage in R&D activities are often highly sought after by states and localities looking to promote economic growth. This, in turn, can create new job opportunities for Oregonians, stimulate local business activity, and contribute to overall economic growth.

Intel sources from 500+ Oregon-based suppliers. Most of these suppliers have less than 500 employees. Compared to a non-refundable tax credit, a refundable tax credit can benefit small and innovative businesses without significant tax liability. This is because small companies may not have enough taxable income to fully use a non-refundable tax credit, which means they could miss out on the full benefit of the credit.

Furthermore, a refundable tax credit can help incentivize research and development activities for businesses of all sizes. For example, a company that invests in R&D but has not yet generated taxable income could still benefit from a refundable tax credit, which could help support its continued growth and innovation. However, limiting the refundability of the tax credit to employers with less than 150 employees undermines the economic development potential of the policy. Therefore, refundability should not be limited to small employers.

Finally, an R&D tax credit would align Oregon's tax code with many other states and countries already implementing similar incentives where Intel operates. This would help level the playing field for Oregon businesses, make the state more competitive in the global marketplace, and make Oregon CHIPS applications more competitive.

In conclusion, an R&D tax credit would significantly benefit Oregon's economy, businesses, and communities. Passing an R&D tax credit that a) relies on federal tax policy definitions, b) sets a competitive cap of at least \$15 million, c) is refundable for companies of all sizes, and d) allows employers of all sizes to take advantage of the tax credit are essential provisions to elevate Oregon as a competitive state for future research and development. I strongly urge our state legislators to consider implementing such a tax credit to promote economic growth, foster innovation, and ensure a bright future for Oregon.

For any questions, please contact DJ Vogt, Director, State Government Affairs at dj.vogt@intel.com

Very sincerely,

A handwritten signature in black ink that reads "DJ Vogt". The letters are stylized and cursive.

DJ Vogt

Director, State Government Affairs, OR/CA